

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DODE-00 PA-03 USIA-12 PRS-01 SCA-01 L-03 H-03 AGR-20

INT-08 SCEM-02 RSR-01 /174 W
----- 083446

R 130945Z JUL 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1271

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

LIMITED OFFICIAL USE CANBERRA 3893

E.O. 11652: N/A

TAGS: BGEN, AS

SUBJ: AMBASSADOR MEETS WITH U.S. BUSINESS LIAISON COMMITTEE

REF: CANBERRA 3886

FROM AMBASSADOR FOR ASSISTANT SECRETARY ARMSTRONG AND COMMERCE

1. SUMMARY: I MET JULY 11 FOR FIRST TIME WITH NEWLY ORGANIZED AMERICAN CHAMBER OF COMMERCE'S EMBASSY LIAISON COMMITTEE. THIS INAUGURAL MEETING INTENDED PRIMARILY FOR CHAMBER TO PRESENT ITS VIEWS, BUT EMBASSY SIDE ALSO MADE COMMENTS AND RAISED QUESTIONS. CORDIAL MEETING WAS EXTREMELY USEFUL TO BOTH SIDES. COMMITTEE MADE PRESENTATIONS ON GOA VISA POLICIES, PRICES JUSTIFICATION TRIBUNAL, OFFSET PROCUREMENT POLICY, MINERALS INDUSTRY
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AND LABOR RELATIONS. GENERALLY, GROUP WAS EVEN MORE CONCERNED ABOUT UNCERTAINTIES THAN DEVELOPMENTS TO DATE.

WE AGREED TO CONTINUE MEETINGS WITH LOW PUBLIC PROFILE.

END SUMMARY.

2. ON JULY 11 I HOSTED FOUR-HOUR MEETING IN CANBERRA, INCLUDING WORKING LUNCH, WITH 12-MAN EMBASSY LIAISON COMMITTEE OF THE AMERICAN CHAMBER OF COMMERCE IN AUSTRALIA (AMCHAM). GROUP INCLUDES SENIOR EXECUTIVES, BOTH US AND AUSTRALIAN, FROM SYDNEY AND MELBOURNE PLUS AMCHAM'S PRESIDENT (HALE) AND EXECUTIVE MANAGER (BANNON). MEETING WAS FIRST IN REGULAR SERIES. BY PRIOR AGREEMENT THIS SESSION WAS PRIMARILY INTENDED TO GIVE COMMITTEE MEMBERS AN OPPORTUNITY TO OUTLINE THEIR PROBLEMS, INTERESTS AND EXPECTATIONS TO ME AND EMBASSY OFFICERS. EMBASSY SIDE ALSO MADE OBSERVATIONS AND RAISED QUESTIONS. ATMOSPHERE WAS VERY CORDIAL, AND EXCHANGE OF VIEWS PROVED EXTREMELY USEFUL TO BOTH SIDES, SETTING EXCELLENT PATTERN FOR FUTURE MEETINGS.

3. FIVE COMMITTEE SPOKESMEN EACH MADE A PREPARED PRESENTATION ON A MAJOR TOPIC. KEY POINTS MADE UNDER EACH HEADING INCLUDED:

A. GOA VISA AND INCOME TAX POLICIES: ALTHOUGH GOA RECENTLY CURTAILED TAX CONCESSIONS FOR RESIDENT FOREIGN BUSINESSMEN, COMMITTEE AT THIS TIME MORE CONCERNED WITH VISA THAN WITH TAX SITUATION. SPECIFIC EXAMPLES OF VISA DIFFICULTIES WERE NOT CITED, BUT SOME MEMBERS EXPRESSED APPREHENSION THAT GOA, WHICH SHOWS SIGNS OF TIGHTENING BUSINESS RESIDENT VISA ISSUANCE AND RENEWAL PROCEDURES, COULD POSE "REAL THREAT" TO US BUSINESS IF IT WISHED BY DENYING VISAS. ABSENCE OF SPECIFIC RULES CAUSES UNCERTAINTY AND PERHAPS INEQUITIES. MEMBERS CONCEDED THAT US VISA FORMALITIES STILL MUCH MORE FORMIDABLE THAN AUSTRALIA'S AND THUS USG HAS LITTLE RECIPROCAL BARGAINING LEVERAGE TO PRESS GOA FOR EASIER TREATMENT. COMMENT: WE WILL MONITOR VISA SITUATION AS IT COULD PROVE TO BE A SIGNIFICANT FUTURE IRRITANT. HOWEVER, UNTIL WE ARE LIMITED OFFICIAL USE
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IN A POSITION TO OFFER MORE FAVORABLE TREATMENT TO AUSTRALIAN BUSINESSMEN SEEKING TO WORK IN US, I DOUBT THAT WE CAN SUCCESSFULLY COMPLAIN TO GOA.

B. PRICES JUSTIFICATION TRIBUNAL (PJT): SPEAKING PRIMARILY ON BEHALF OF LOCAL US PRODUCERS OF PRODUCTS SOLD IN GROCERY OUTLETS, SPOKESMAN DETAILED THAT INDUSTRY'S CONCERN ABOUT NEW PJT WHICH WILL SOON BE IN OPERATION. AFTER AUGUST 1, ALL FIRMS WITH ANNUAL SALES EXCEEDING A\$20 MILLION (APPROXIMATELY US\$38 MILLION) MUST SUBMIT PRICE INCREASES TO PJT FOR APPROVAL. THIS CUTOFF OMITS VERY MANY AUSTRALIAN FIRMS WHILE MAJORITY US COMPANIES COVERED. ALTHOUGH PJT WILL HAVE NO LEGAL

SANCTION, GOA OBVIOUSLY INTENDS TO ENCOURAGE PUBLIC PRESSURE AGAINST FIRMS THAT RAISE PRICES WITHOUT TRIBUNAL APPROVAL. PARTICULAR CONCERN WAS EXPRESSED OVER PROBABLE LACK OF CONFIDENTIALITY FOR COMPANY DATA WHICH PJT WILL REQUIRE. JUSTICE WILLIAMS, NEWLY NAMED PJT HEAD, SEEMS TO BE A "NON-POLITICAL SQUARE-SHOOTER". HOWEVER, ADMINISTRATIVE TASK OF INVESTIGATING, WITH PUBLIC HEARINGS, SO MANY PRICE INCREASES WILL BE MASSIVE.

C. GOA OFF-SET PROCUREMENT POLICY: BUSINESSMEN FEEL GROWING CONCERN OVER GOA REQUIRMENTS FOR RECIPROCAL PURCHASES WITHIN AUSTRALIA IN CASE OF GOVERNMENT TENDERS, ESPECIALLY FOR NON-MILITARY SALES. SOME ARE PARTICULARLY WORRIED THAT OFF-SET PROPOSALS WILL BECOME EXCESSIVELY COMPETITIVE TO EXTENT THAT "GOA BUYS THE OFF-SET NOT THE PRODUCT". COMMITTEE MEMBERS EXPRESSED KEEN INTEREST IN SIMILAR OFFSET REQUIREMENTS OF OTHER COUNTRIES, PARTICULARLY ON NON-DEFENSE ITEMS. I AGREED THAT THE EMBASSY WOULD OBTAIN INFORMATION ON THIS FOR AMCHAM. (REFTEL)

D. MINERALS INDUSTRY POLICIES: GROUP REGISTERED CONCERN OVER VARIETY OF RECENT GOA MOVES (E.G. 25 PERCENT DEPOSIT REQUIREMENT ON LONG-TERM FOREIGN BORROWING, REFUSAL TO APPROVE PROPOSALS FOR NEW JOINT VENTURES IN MINING INVOLVING OVERSEAS FIRMS, MINISTER CONNOR'S PROPOSED NATIONAL PETROLEUM AND MINERALS AUTHORITY AND GENERAL UNCERTAINTY IN INDUSTRY. LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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SURPRISINGLY, AMCHAM SPOKESMAN SAID SOME MINING COMPANIES ARE STILL ALLOWED TO BRING IN OVERSEAS FUNDS FOR LOCAL EXPLORATION WITHOUT PAYING THE 25 PERCENT DEPOSIT, ALTHOUGH GENERAL IMPRESSION HAS BEEN THAT SUCH FUNDS ARE SUBJECT TO THIS REQUIREMENT.

E.LABOR RELATIONS: SPOKESMAN PRESENTED DISQUIETING PICTURE OF INCREASING LABOR TROUBLE AGAINST BACKGROUND OF GOA INACTION OR SUPPORT. HE SUGGESTED AUSTRALIAN NATIONALISM WOULD EVENTUALLY SUBSIDE. MEANWHILE, US BUSINESS SHOULD AVOID ENFLAMING IT BUT MAINTAIN A LOW PROFILE. I EXPRESSED AGREEMENT, SAYING THAT RATIONALITY AND PRAGMATISM WOULD GRADUALLY QUIET NATIONALISTIC RHETORIC IN AUSTRALIA AS HAS OCCURRED IN OTHER NATIONS OF THE REGION. WHILE LAMENTING WEAKENING OF TRADITIONAL ARBITRATION SYSTEM, GROUP AGREED THAT US-STYLE COLLECTIVE BARGAINING IS HERE TO STAY. OTHERS POINTED OUT THAT LABOR RELATIONS AGGRAVATED BY TOO MANY SEPARATE UNIONS SQUABBLING OVER JURISDICTIONS AND POOR PAY AND QUALITY OF MANY UNIONOFFICIALS.GENERAL AGREEMENT, HOWEVER , NO EVIDENCE YET OF LABOR ANIMUS AGAINST U.S. FIRMS PER

SE.

4.VIEWS EXPRESSED WERE QUITE HELPFUL TO EMBASSY. WE
WILL FOLLOW THESE PROBLEMS CLOSELY. I WAS STRUCK WITH
HOW MANY OF GROUP'S CONCERNS ARE BASED ON FEARS OF
POSSIBLE EVENTS RATHER THAN DEVELOPMENTS ALREADY IN
PLACE. COMMITTEE GENERALLY HAD SYMPATHETIC UNDERSTANDING
OF OVERALL GOA DESIRE TO INCREASE AUSTRALIAN STATEMENTS,
LACK OF DEFINED POLICIES AND GOA INACTION IN MANY AREAS
CAUSE UNCERTAINTY AND APPREHENSION. WE AGREED TO CONTINUE
THESE MEETINGS MAINTAINING LOW PUBLIC PROFILE. FOR
PRESENT,VISAUALIZE HOLDING MEETINGS EVERY 6-8 WEEKS.
GREEN

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